

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
P.O. BOX 1450
ALEXANDRIA, VA 22313-1450**

Appl No.: 10/743,178
Applicant: Li-Ming Cheng et al.
Filing Date: 12/23/2003
Art Unit: 3634
Examiner: Johnson, Blair
Attorney Docket No.: 21406-001

DECLARATION UNDER 37 CFR 1.132

I, the undersigned, Li-Ming Cheng, declare the following:

1. That I am a co-inventor in the above-identified application, and reside in the city of Kaohsiung, Taiwan.
2. That I am the President of King Koon Industrial Corp., a Taiwanese company that makes and sells window covering systems, including the above-identified application. King Koon is the parent company of Zipshade Industrial (B.V.I.), which is the assignee of the above-identified application. King Koon's company address is No. 56, 2nd Lane, Yung Lo St., KangShan (820), Kaohsiung Hsien, Taiwan, R.O.C.
3. That my experience in the industry is as follows: I first started working at KingKoon Ind. Corp. since 1984 as a project manager, and promoted to General Manger in 1994. In total, I have 23 years of experience in the window shades industry. In the course of my working experience, I have gained a very good working knowledge of window covering shades.
4. I have been informed that claims in the above-referenced application have been rejected as being obvious over Gertzson (U.S. Patent No. 2,594,637) in view of Kuhar (U.S. Patent No. 5,482,100). I believe that the rejection is inappropriate as follows:
 - I (or any other person with ordinary skill in the shade industry) would not have been motivated to combine Gertzson and Kuhar to result in a window shade as claimed in my application.

- If there was any kind of motivation to combine Gertzson and Kuhar at that time, I (or any other person with ordinary skill in the shade industry) would have combined the two references to result in a window shade that is drastically different from that claimed in my application.
- There are objective secondary indicia of non-obviousness supporting a finding of non-obviousness.

5. That I was involved in conducting tests and developments of cordless window shades to fulfill a long felt need in the industry which was unresolved prior to my invention of the above-referenced subject matter. Prior to my invention, there has not been a cordless shade that is widely accepted by the U.S. market. Known cordless shades in the market and in the prior art required relatively large and heavy springs, making the head rail aesthetically unappealing, heavy, more costly to manufacture, more expensive for end consumers. My invention has the unexpected result of a miniaturized head rail, stabilized and relative precise adjustment, lower manufacturing cost, cost-effectiveness, light-weight, among other advantages.

6. That before my invention was introduced to the market, the North American cordless shades market was dominated by Hunter Douglas Inc., and Newell Operating Company. They dominated the market in the sense that there were no other competitors with other cordless solutions. Despite their perceived dominance, their cordless shades were not well-received by consumers.

7. That according to Hunter Douglas' website (www.hunterdouglas.com), Hunter Douglas has its Head Office in Rotterdam, the Netherlands, and a Management Office in Lucerne, Switzerland. The Group is comprised of 166 companies with 65 manufacturing and 101 assembly operations in more than 100 countries. Hunter Douglas had sales in 2006 of USD 2,630 billion and has about 20,000 employees. The shares of Hunter Douglas NV are traded on Euronext and Deutsche Börse.

8. Newell Operating Company is the assignee of the Kuhar patent (U.S. Pat. No. 5,482,100), based in Freeport, Illinois.

9. That before my invention was introduced to the market, both the Newell Operating Company and Hunter Douglas offered cordless shades with rather large head rails, each with a retail price of over USD\$150 in the made-to-measure market.

10. That base on my understanding of their products and manufacturing costs, their price was high mainly because their product design required expensive heavy duty springs. With such high prices, their product can only survive in made-to-measure market, selling to consumers who seek tailor-made special orders shades.

11. That many others in the industry have tried and failed to find a solution to fulfill a long-felt need in the industry. There had remained a need for cheaper, lighter, more aesthetically appealing, more precise, cordless window shades.

12. That JCPenney® had been unsuccessful in finding a suitable cordless shade to carry in its catalogues.

13. That before my invention was invented, the cordless shades in the market and in the prior art do not use a set of pulley rotors. The cordless shades in the prior art do not entrain their cords around and around a set of pulley rotors, nor do they entrain their cords back and forth between a set of pulley rotors. A set of pulley rotors was not desired in the industry at the time because it complicated components needed in the head rail, complicated manufacturing steps, and was considered redundant. Simple design such as shown in Kuhar was desired because it keeps the number of moving parts to a minimum, decreases the need for maintenance and repair. At best, prior art cordless shades used pulley rotors so that when cords turn corners before exiting the head rail, the cords are re-directed by pulley rotors, instead of scraping against sharp edges of bores in the head rail.

14. That before I invented the above-referenced invention, I received feedbacks from clients regarding the need for an improved cordless window shade.

15. That in response to client feedbacks, and through many months of tests and independent development, I discovered the unexpected advantages of a miniaturized head rail by providing a smaller spring-motor located off-center in the head rail to leave room for a pulley system. I also discovered that using a pulley system was able to provide a more stabilized and precise adjustment, and allows a smaller size of spring-motor to be used. Although having more component parts was perceived to be undesirable and costly, I discovered that using a smaller spring actually lowered manufacturing cost.

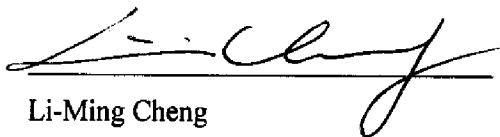
16. Prior to this invention, being a small company lacking in innovation and product R&D, King Koon Industrial Corp. was engaged in original equipment manufacturing (OEM). King Koon manufactured window shades for other companies. Those companies in turn sold King Koon-made products to North American retailers such as HomeDepot®, Lowes® and Wal-Mart®; those products did not carry King Koon's brand. There were markets King Koon was unable to enter into simply because King Koon was an OEM company, regardless how much lower in price we were able to offer to beat the competitor.
17. In late 2003, when my cordless shade was shown to our North American customer (Whole Space Industries), who had been distributing our other window shades in North America, they immediately thought it was innovative and would be well-received by consumers. Whole Space asked to become our sole distributor of this product to Lowes® and JCPenney®; we in turn agreed to exclusively supply my cordless shades to them. Whole Space Industries placed an order in late 2003, and the first shipment arrived in the U.S., in early 2004.
18. We achieved considerable commercial success with my cordless shade concept. When my cordless shades was introduced in North America, major North American retail companies such as Lowes®, Wal-Mart®, JCPenney®, and Bed Bath and Beyond® placed orders.
19. That at the time, these major retailers did not offer any cordless shade to their customers. Cordless shades were only offered in made-to-measure markets because consumers in the made-to-measure market can more likely afford higher priced shades. The novel features in my invention made cordless shades affordable.
20. That this commercial success was achieved without significant changes in our marketing plan/expenditure.
21. That within one year of being our sole distributor of the above-referenced cordless shade (as sales started to pick up), Whole Space stopped buying from us and started copying our cordless shades (in early 2005). Whole Space began supplying the infringing shades to JCPenney®.
22. That to this day, both the knock-off versions and our own cordless shades enjoyed good consumer feedback, and are still being carried by the same North American retailers.

23. That subsequently, at least one other company (Ching Feng Home Fashions Company, Ltd.) has introduced similar cordless shades utilizing pulley system in combination with a spring-motor all in a miniaturized head rail. This infringing cordless shade has also been well-received in the market, and is also being offered in major retail stores in North America (e.g., JCPenney®). Infringement is still ongoing.

24. As my marketing officer will attest in a separate Declaration, the purchase volume of our cordless shade has dramatically increased between January 2004 and December 2004. This successful product launch prompted our North American agent (Whole Space) to copy our invention, and directly sell to our end buyer.

25. Without patent protection for my invention, we are losing millions of dollars in sales, and our competitors are being unjustly enriched by copying our invention.

26. I hereby declare that all statements made herein are true, and that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.



Li-Ming Cheng

Date: 04/03/2007